

LOCAL GOVERNMENT AND THE BUSINESS

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For EDEM/USAID

Note:

This paper tries to make a complete inventory of all the interactions between local governments and business subjects based on the legal and regulatory requirements. While for the schemes it has been used the practice of the Tirana Municipality. Although there may be slight differences on internal regulations it is our understanding that this is the case for all municipalities because the practice has been harmonized all over Albania. The material should serve EDEM project to find sectors where to intervene with the main aim of improving business climate in Albania.

Based on law no.8652, date 31.07.2000 “For the organization and functioning of the local government”, the functions and competencies of the Municipality related to the economic development are as follows:

- Implementation of regulations with respect to the standards and current legislation, such as license issuing, timetables’ definition, fine application or generally authorization issuing / obligations’ making.
- Preparation of the local economic development programs.
- Prominence and functioning of the trading network, as well as for the public markets.
- Small business development and stimulation activities.
- Organization of the services whose purpose is stimulation of the economic development as well as necessary information, structure and infrastructure.
- Veterinary service.

In this material is represented the multidimensional connection between the municipality of Tirana and the business subjects.

Scheme 1 shows a schematic relation between the Municipality of Tirana and the Business Subjects. This scheme is analyzed in the following material.

1. STRUCTURES OF THE MUNICIPALITY THAT ISSUE PERMITS, LICENSES AND AUTHORIZATIONS FOR DETERMINED BUSINESS ACTIVITIES

□ LICENSING THE EXERCISE OF ACTIVITY.

The main objective of this directory is to license the activities foreseen by the legislation and build regulations to control and improve the trade network.

The Directorate for licensing to exercise activities offers these services to the businesses.

Licenses to exercise activities

- License to extend the working hours beyond the regular working hours;
- License for Non-Stop activities;
- License put the tables out of the premises to exercise their activities;
- License for ambulatory trading with auto shops;
- License to sell newspapers and magazines;
- License to build markets/trading areas;
- License for slaughter houses;
- License for car service, tugging service, car washing service, parking, tire shops etc;
- Authorization for gas stations;
- Authorization for burning materials;
- License for shows, fairs and installing temporary objects to exercise trading activity.

License for public transport

A. Taxi service

- License for transportation of passengers by taxi (4+1) and (8+1);
- Authorization for passengers' transport agency by taxi within the country.

B. Licenses for transport services

- License for bus transportation of passengers outside the city and certificates for each vehicle;
- License for bus transportation within the city and certificates for each vehicle;
- License and certificates to transport goods for others or to rent car/s;
- License for personal passengers transportation;
- Certificate for personal goods transportation;
- Authorization for approval of passengers transportation among cities;
- Authorization for international passengers and taxi agencies;
- Authorization to drive within the city ring road.

As above indicated the Directorate for licensing to exercise activities issues permits related to the transport service and some specific licenses for particular activities.

All subjects that will start practicing activities, categorized as small business, within the territory under the jurisdiction of the Municipality of Tirana, starting from January 1st 2006, must be equipped with a license with makes possible exercising their activity.

The **License to exercise the activity** is based on Law No.9327, date 06.12.2004 "For some changes on the Law No.8978, date 12.12.2002 "For the local tax of the small business".

The License to exercise activity will increase the Municipality's control on the businesses and will affect on the disciplining of the trading network throughout a rational and right distribution of the specific business categories.

This directory is elaborating some regulations, which are in the long run phase. Their purpose is:

- Control of the entire activities that are developed in the public spaces.

Project regulation: “License to exercise the activity in the public spaces”

- Definition of the timetables for the activities’ functioning.

Project regulation “For the timetable trading, services and production activities’, functioning in the city of Tirana”.

Project regulation: “Permit for activity exercise during the late night hours”

- Improve the public markets’ functioning.

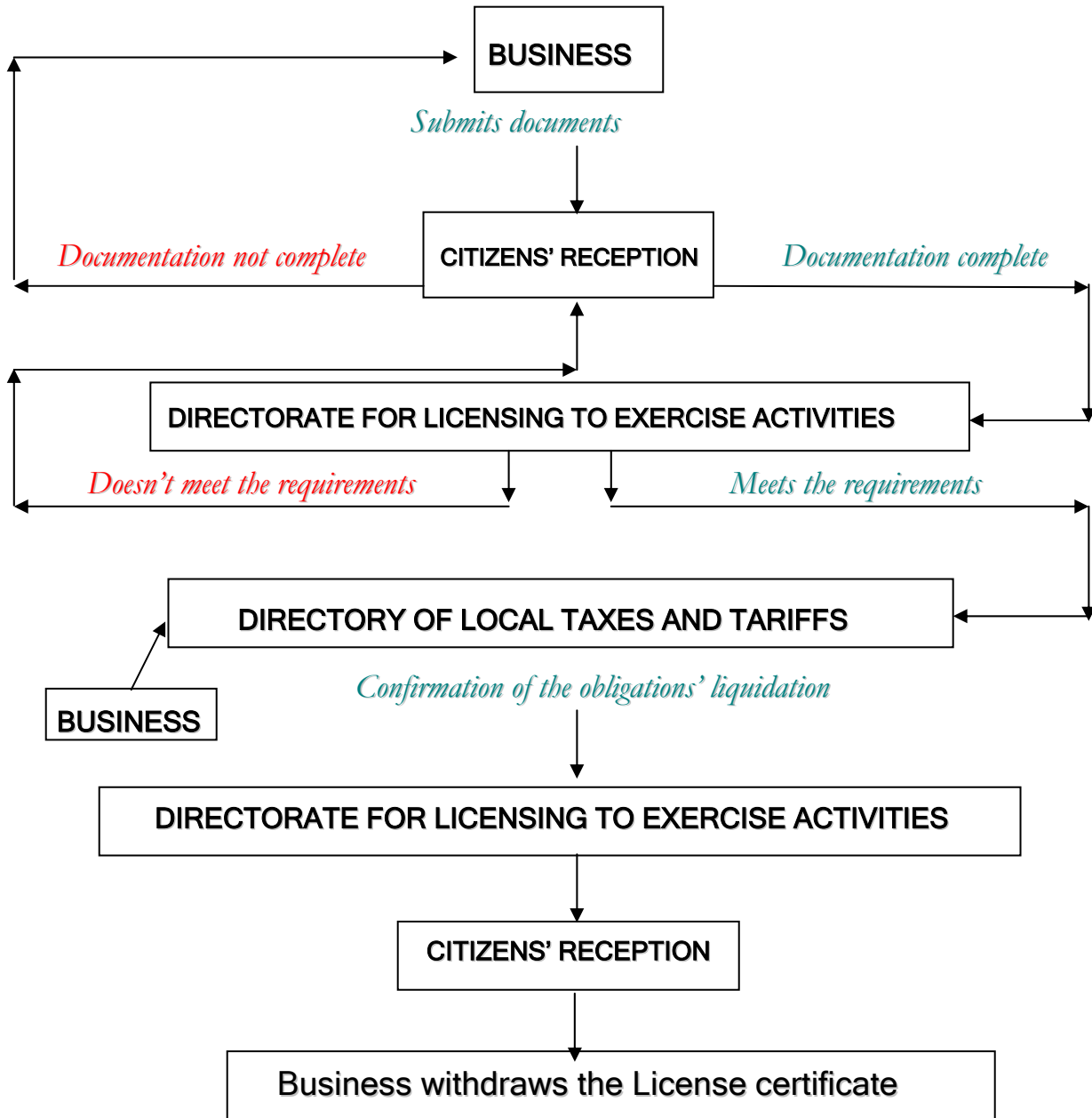
Project regulation “For the public markets’ functioning”

- Improve the taxi service (small vehicles)

Project regulation “Taxi service (small vehicles)”

Business is addresses to the Municipality in order to get information on the allowed zones to exercise his activity

BUSINESS → **MUNICIPALITY**

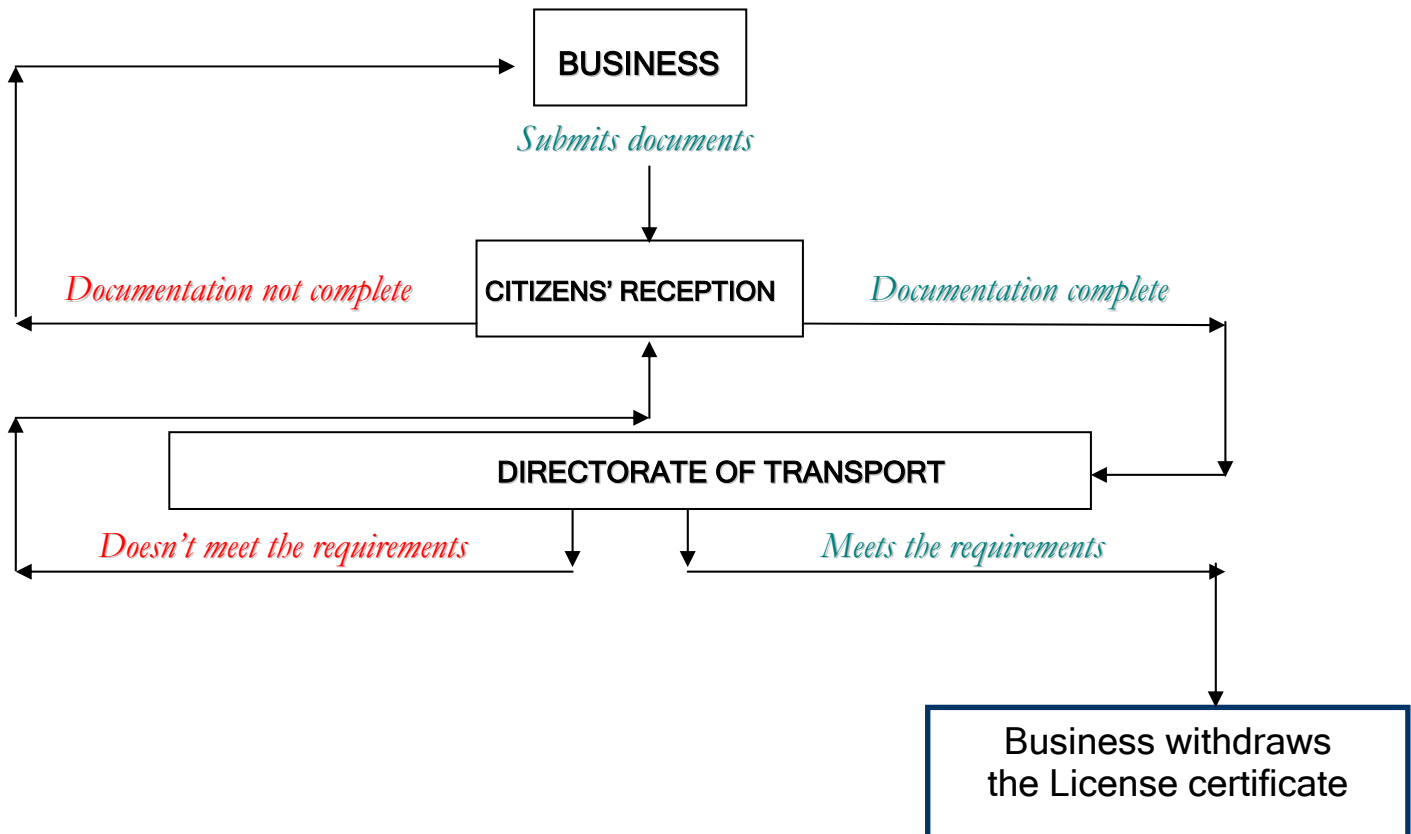


Scheme 2: Procedure of equipping the subject with the license to exercise his activity.

TRANSPORT

The license issued by the Directorate of Transport has an **indirect** connection with some business activities. All the business activities to which it is necessary the usage of vehicles to practice their activity, can apply at the Directory of Transport in order to get a license for the stand of their vehicles in front of the place where the activity is being practiced.

Based on the commissions' decisions, the Directory of Transport contracts with the business subjects that exercise their activity in stands of the passengers' transport.



Scheme 3. Procedure of equipping the business with the Stand License



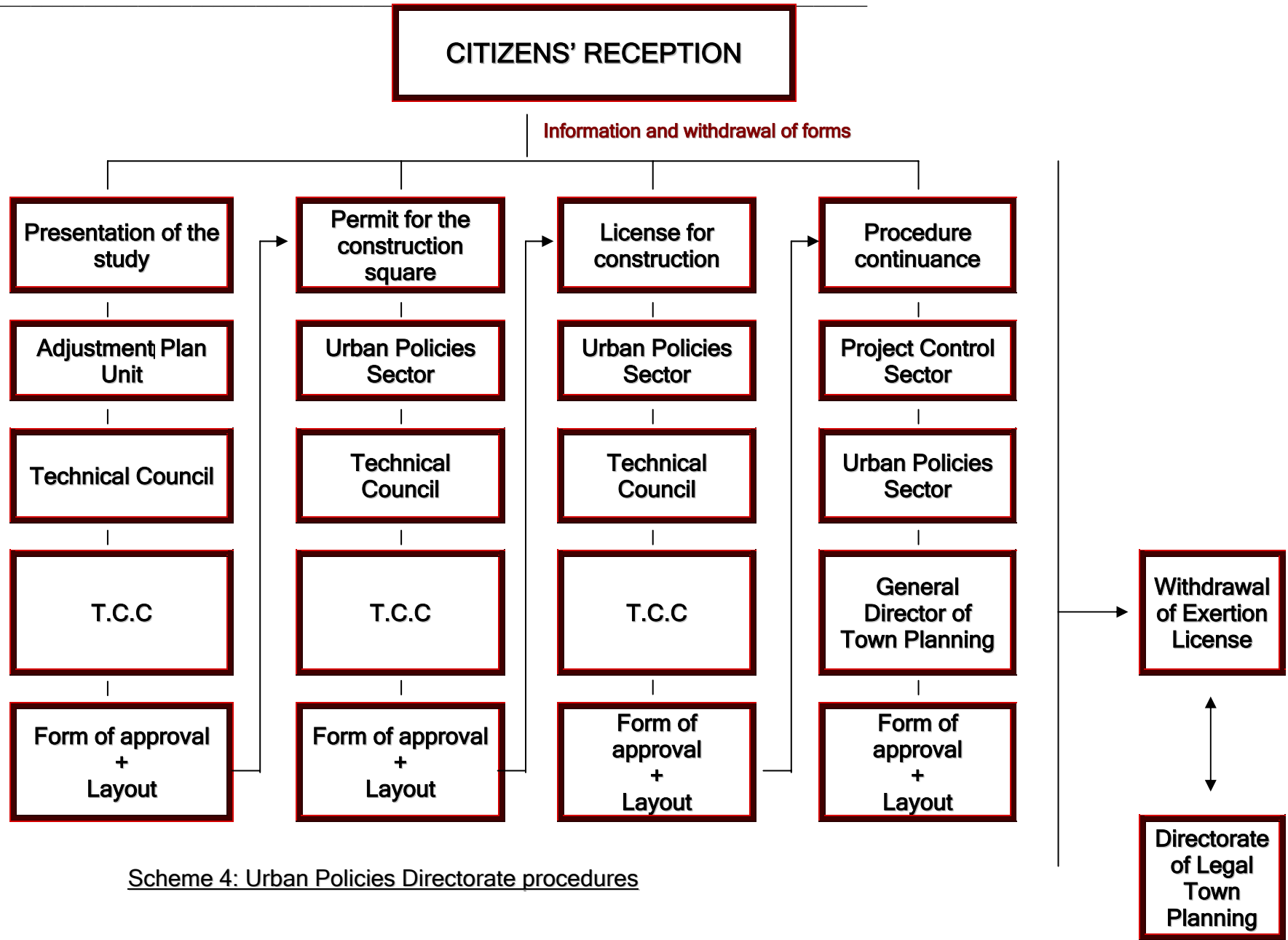
URBAN POLICIES

Construction is one of the most powerful businesses nowadays in Tirana. All subjects that require exercising the construction activity within the territory under the jurisdiction of the city of Tirana should be equipped with an Exertion License from the Municipality.

The Directorate of Urban Policies elaborates the requirements for the construction license, represents them to the Territory Control Council, the decision maker organ and follows the procedures up to the final decisions taken from this council.

Another license issued by the Directorate of Town Planning is the commercial posters' placement license.

Please find below the illustrated Urban Policies Directorate procedures.



Scheme 4: Urban Policies Directorate procedures

2. CONTACT BRIDGE AND INFORMATION DISTRIBUTOR

□ SECTOR OF INFORMATION TO THE CITIZENS¹

The sector of information to the citizens helps the business subjects throughout some manners, which are connected with the main duties it performs, as below follows:

- Serves as a courier between the business subjects and structures of the Municipality.
- Informs and orientates as effectively as possible, the business subjects addressed to the Municipality for different problems they have or that they may have.
- Facilitates the businesses problems' resolution by orientating them where, how and when they should submit their requests.
- Provides to the businesses information on the procedures that should be followed to get these services and on the requirements they should meet.
- Instructs the business subjects regarding the documents they should submit and forms they have to complete.

3. LEGAL SUPPORT FOR THE BUSINESSES

□ ADVOCATE OF THE CITY²

Based on the regulation "For the organization, functioning, responsibilities and competencies of the Municipality of Tirana", approved by Decision No.12, Date 10.03.2004, one of the elements of the Juridical Directory - The City's Advocate, is the contribution in solving requests and complaints of the citizens and subjects throughout administrative ways, as well as communicate with them for issues of a legal and juridical profile. This structure also serves as a bridge between the community and the business.

¹ The way the Citizen information is structured differs from one Municipality to another as well as the efficiency of such component.

² This is a new practice developed to our knowledge only in Tirana Municipality

Two main duties related to the business are as follows:

Treat and solve, within the competencies' framework, citizens' requests and complaints addressed to the directory or delegated by the Mayor or his Council. Their objective is the problems' resolution in the fastest administrative way.

Offer free necessary legal counseling, whenever required, in order to solve the existing problems, by giving the necessary suggestions regarding the Municipality's activity issues.

4. STRUCTURES OF ACTIVITY CONTROL

□ DIRECTORATE OF TERRITORY CONTROL

The mission of this directorate is the control of all business subjects exercising their activities within the territory of the city of Tirana, in compliance with the determined legislation and rules.

The Inspectorate of Urban Environment, in collaboration with other structures participated directly in the collection of the set fines.

Part of the Directorate of Territory Control is also the Veterinary Sector in whose structure there are inspectors who make controls on the animal products.

□ MUNICIPAL POLICE

One of the structures of the Municipality that has a direct control relation with the businesses is the Municipal Police.

Connected with the businesses, the main functions of this structure summarized are as below follows:

- Control and measure undertaking for not allowing the illegal exercise of activities.

- Prevent and undertake measures in order to avoid and destroy illegal constructions, identify illegal occupation of the Municipality's territories, buildings and public objects, as well as organize their inoccupation.
- Guarantee the respect towards legal dispositions that serve for the trading activity regulation in public environments.
- Control the respecting of the timetables determined for the activities' functioning.
- Verification and resolution of requests/complaints of different subjects.

□ G.D.L.T.T INSPECTORS

They accomplish continuous controls on the subjects. They compile verification acts for the subjects that haven't liquidated their obligations.

□ DIRECTORATE OF LEGAL TOWN PLANNING

The Directorate of Legal Town Planning is responsible for all the control acts of the construction phases: Piquet control-act, 0.00 control-act, carcass control-act, disposition control-act, exercise license control-act, adjournment layout.

The disciplinary measures undertaken by the control structures are based on the Decision of the Municipal Council, No.6, Date 26.01.2001 and No.19. Date 11.03.2002.

5. RELATION OF THE MUNICIPALITY WITH THE BUSINESSES IN THE MERCHANT'S ROLE

□ DIRECTORATE OF ADMINISTRATION OF ASSETS

The Directorate of Administration of Assets rents the assets of enterprises, companies and state institutions to different subjects throughout the direct competition. Included in these assets are buildings, free functional land, as well as capital goods and equipments.

The proceeding way (based on the CMD, No.315, Date 24.04.2003).

6. RELATION OF THE MUNICIPALITY WITH THE BUSINESSES IN THE CONSUMER'S ROLE

□ DIRECTORATE OF PUBLIC PROCUREMENT

There is another relation between the businesses and the Municipality. This is the case when the Municipality plays the role of the consumer. The procurements done by the Municipality are divided into small and administrative, as well as in infrastructure ones. This directorate is actually acting at the Procurement Organ of the Municipality in direct subjugation from the Mayor who is in the meantime Chairman of the Procurement Organ. This directorate, in collaboration with the commission of offers' estimation, follows the entire documentation of the tender based on the regulation and respective legal basis.

7. STRUCTURES THAT BUILD UP STRATEGIES AIMING TO SERVE THE ECONOMIC DEVELOPMENT OF THE CITY OF TIRANA

□ ECONOMIC DEVELOPMENT UNIT

The main objectives of this Unit are:

- Encourage, expand and promote the activity of the existing small and medium businesses.
- Support the start of new subjects with small and medium economic activity.
- Encourage the investments in the city.
- Support the Join Ventures in the sector of the small and medium business.

This unit will offer:

- Business information;
- Business support and fiscal policies;
- Business support with lobbying and the legal framework;
- Support with assets and infrastructure;
- Marketing of the city for the investors;
- Business promotion and fair organizations;
- Regional collaboration for the economic planning.

8. LIQUIDATION OF LOCAL OBLIGATIONS BUSINESSES HAVE TOWARDS THE CITY OF TIRANA

□ GENERAL DIRECTORATE OF LOCAL TAXES AND TARIFFS

One of the rights of the units of the local government, decided by Law No 8652, date 31.07.2000 “For the organization and functioning of the local government”, article 8/3b, is to determine taxes and tariffs on the services and their level in accordance with the effective legislation interests of the Municipality.

The business subjects liquidate the local obligations in this directorate according to Decision No.7, date 07.03.2003 “For the system of local taxes and tariffs in the city of Tirana” as well as on Decision No.1, date 17.02.2005 for “Some amendments and changes of Decision No.7, date 07.03.2003 “For the system of local taxes and tariffs in the city of Tirana”.

- Taxes and tariffs are shown in the annex A (Tax table)

9. INDIRECT IMPACT ON THE BUSINESS SUBJECTS

□ GENERAL DIRECTORATE OF PUBLIC WORKS

The mandate of this directorate is to carry out and constantly improve the public works services for the community by programming, planning and monitoring the maintenance, to establish the strategies for the programming, planning and implementation of the investments in the public works and to harmonize all the activities of different entities, either directly or indirectly related to the public works and services.

A good infrastructure, a clean and green city, affects positively the business.

LOCAL TAXES AND TARIFFS**TAX ON BUILDINGS (lekë/m² per year)**

- For trade, trading services, administrative services	200
- For health, handicrafts and communal services	140
- Social cultural, educational and scientific	140
- For production	150
- Other	50

TAX ON HOTEL SLEEP

- % On the sleep price, room/person in one night	5%
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TAX ON PUBLIC SPACES OCCUPATION**For land usage**

Base tax (lekë/m² day)	Zone A	30
	“ B	25
	“ C	20
- Products out of the trading space	coefficient	1
- Newspapers', books etc trading space.	“	1,25
- Fruits and vegetables market	“	1,5
- Creamery, meat, fish	“	2
- Industrial products	“	1
- Merchants out of the public markets	“	2,5
- Different artistic programmes or fairs		
(every day) 1-100m ²	“	1
101-1000m ²	“	0,5
over 1000m ²	“	0,25
Temporary objects with the purpose of business activity practice spaces occupied with construction platforms spaces surrounded by plant pots, decorative plants gates, decorative kindling, plastic encirclement and other objects	“	1

Advertisement purpose

- Usual advertisement	“	1
- Compounded advertisement	“	1,25
- Electronic advertisement	“	1,5
- Advertising tents (lekë/m ² in months)	Zone A	100
	“ B	70
	“ C	50
- Trading purpose tables (lekë/table in one day)	Zone A	50
	“ B	40
	“ C	30

GREEN TAX (temporary) (lekë in year)

Family 200

Production Unit

-Production of candies and nutritive products’
production of drinks, furniture , tapestry, plants, metals
passive products, milk and sub products, confections, paper,
cardboards, plastic materials, oils, diesel, gas and sub products,
butchery territories.

Small business 4000

Big “ 9000

- Manufacture and refinement of pharmaceutical products

Small business 25000

Big “ 100000

Units (every construction yard)

Small business 25000

Big “ 100000

Service units

- Medical centres, laboratories **Small business** 7000

Big “ 10000

- Bars, restaurants **Small business** 7000

Big “ 10000

- Fast Food **Small business**

Big “ 7000

- Non stop (pub, disco etc) **Small business** 10000

Big “ 12000

- Hotels	Small business	10000
	Big “	120

Units not included above

	Small business	2500
	Big “	5000

TABLE TAX (lekë/year)

- Table in Albanian	Zone A	1200
	“ B	1100
	“ C	1000
- Table in foreign language	Zone A	3000
	“ B	2750
	“ C	2500

REGISTRATION TARIFFS (lekë/year)

- For private trading and costermonger activities	2000
- For physical, public and private, local and foreign persons	7000
- For juridical, public and private, local and foreign persons	12000

PUBLIC TRANSPORT TARIFFS (lekë)

- For issuing of Certification for goods’ or passengers’ transport, buses’ and taxes’	2000
-Issuing of authorization for subjects practicing bus transport activity as well as different activities of this type.	3000
-Issuing of authorization for transport within the ring with temporary directions and periods.	500

CLEANING TARIFF (lekë/year)

Family year 2005	1000
year 2006	1400
year 2007 in continuance	2100

Trading units

- Creamery meat, fish	20000
- Fruits, vegetables	15000
- Industrial units	10000
- Bars, restaurants, discos, gambling games.	20000
- Hotels, motels etc. (lekë/room per year)	1000

Service and handcrafting units

- Activity classified as a small business 5000
- Activity classified as a VAT applicable 20000

Production Units

- Activity classified as a small business 20000
- Activity classified as a VAT applicable 70000

Persons classified as costermongers 1500

TARIFF OF ADVERTISEMENT (lekë/m² PER YEAR)

- Usual advertisement 15000
- Compounded advertisement 17000
- Electronic advertisement 22000

TARIFF FOR ACTIVITY PRACTICE LICENSE

- Permit for car service, car wash, parking 10000
- Permit for car driving lessons activity 5000
- Issuing of authorizations for fuel stations retail activity 30000
- Permit for private subjects' car stops 10000
- Permit for costermonger activity 2000
- Permit for services exceeding the normal working hours 5000
- Permit for non stop service 15000

TARIFF FOR THE PARKING OF VEHICLES

- For private and public vehicles
(Lekë /hour)
- | | |
|---------------|-----|
| Zone A | 100 |
| “ B | 40 |
| “ C | 20 |